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SECURITY INFORMATION

9 April 1952

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TOP SECRET SUPPLEMENT

TO THE CURRENT INTELLIGENCE DIGEST
(including S/S Cables)

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SOVIET UNION

1. American Embassy reports on Stalin interview with Indian Ambassador: The Indian Ambassador in Moscow, Dr. Radhakrishnan, in reporting to the American Embassy on his conversation with Premier Stalin, pointed out that it was the first interview Stalin had held with a non-Orbit diplomat since he saw Radhakrishnan in 1950.

The retiring Ambassador stated that Stalin, following a discussion of Indian politics, wished India success in its ambitions. After listening to his criticisms of Soviet actions in the Baltic States and in the Balkans, Stalin replied that Soviet intentions were peaceful and nonaggressive, and that the USSR had been concerned only with its own security and "the establishment of a belt of buffer countries friendly to the Soviet Union." (S S/S Moscow 1617, 7 Apr 52)

Comment: The interview may be intended to underline Soviet friendship for India, to increase cultural and economic penetration of that country, to counter reports of growing Indian amity toward the United States, to strengthen India's neutralism, and to support its position on Kashmir.

At the same time, the interview has given rise to a new crop of conjectures that the recent Soviet diplomatic offensive may be intended to lead up to top-level big power talks.

EASTERN EUROPE

2. Rumanian Air Force increases jet plane strength: The American Military Attache in Bucharest has observed about 60 aircraft which appear to be YAK-15 jet fighters at the Ianca airfield near Braila in eastern Rumania. Most of the aircraft observed had skin-tight canvas covers. Three

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without covers had Rumanian markings.

The Attache reports that the field, heretofore thought to be Russian occupied, now appears to be a Rumanian jet fighter base, though it is still under construction and not yet operational. (S Bucharest 386, Weeka 14, 4 Apr 52)

Comment: The covers on the aircraft suggest a new shipment of planes to the Rumanian Air Force, which was previously believed to have only 15 YAK-15 jet fighters.

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NEAR EAST-AFRICA

5. Sudan constitution issue imperils Anglo-Egyptian talks:
Egyptian Foreign Minister Hassouna Pasha has stated that the real point now at issue between Egypt and Britain is the attitude of the Governor General Sir Robert Howe of the Sudan. Hassouna informed the British Ambassador in Cairo that unless assurances were given that the Governor General would not put the new constitution into effect, the Egyptian Government would not dare to continue its talks with the British in the face of an aroused public opinion. (S S/S Cairo 1743, 6 Apr; S London 4480, 7 Apr 52)

Comment: The British Foreign Office has meanwhile

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informed the American Ambassador in London that the present constitutional development in the Sudan must proceed on schedule, since "to turn back now" would provide considerable trouble in the Sudan.

WESTERN EUROPE

6. Danish Government hesitates to negotiate base rights agreement with Norway: A Norwegian Foreign Office official has informed an American diplomat that the Danes are still indecisive concerning a bilateral agreement with Norway regarding the use of NATO facilities in Denmark. He stated that a lack of strength in the Rigsdag made it difficult for the Danish Government to make a firm and clear decision on such matters. (TS Oslo 878, 5 Apr 52)

Comment: In mid-January (see OCI Daily Digest, 17 Jan 52) the Danish Foreign Minister informally told the US Ambassador that if he were given time to prepare public opinion, there would be little opposition to the establishment of NATO air bases in Denmark, and that the conclusion of a projected bilateral agreement between Denmark and Norway on bases would make NATO bases more acceptable. It now appears that even the latter agreement is too delicate for present consideration.

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SOVIET UNION

1. American Embassy in Moscow reports on Nesterov speech:
The US Embassy in Moscow views V. M. Nesterov's speech at the World Economic Conference as an important statement of Soviet foreign trade policy. The USSR's assumption of the role of major world trader and exponent of "normal" world trade gives surface indications of a shift in Soviet strategy. However, the Embassy notes that the stated Soviet import requirements include many strategic items and concludes that the major goal is therefore to punch holes in the NATO strategic controls.

If the USSR is unable to reach agreement on tie-in deals for strategic materials, the Embassy sees other possible Soviet moves which would have high propaganda value, such as Nesterov's offer of machinery and technical assistance to Southeast Asia and the Middle East. Since the Soviet Union has no surplus of machinery, it may be envisioning a middleman role, buying in the West and selling in the East. In any case, the Embassy doubts the ability of the USSR to double exports in the next couple of years.
(C Moscow 1622, 6 Apr 52)

Comment: Nesterov's proposals in general follow the Soviet commercial policy of the past few years and do not mark a basic shift in Soviet foreign trade strategy. In Europe the Soviet Union offers agricultural goods and raw materials in exchange for industrial goods, including items on the export-control lists; in Asia the Soviet Union offers light industrial goods in exchange for strategic raw materials.

Although the Soviet Union has relatively small exportable surpluses, it is nevertheless capable of financing "forced exports" of agricultural goods and raw materials. The Western export control program still stands as the main deterrent to the achievement of the Nesterov proposals.

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2. Conference of all USSR churches scheduled for May: At the suggestion of Alexis, the Patriarch of Moscow and all Russia, a conference of all churches and religions of the USSR will be held in Moscow early in May on the question of the defense of peace. The conference will discuss a report on "The church together with the people in the fight for peace." The Soviet press stated that prominent church leaders from abroad have been invited, but no names were given.

The US Embassy in Moscow comments that the convocation of a religious conference is a Soviet move to intensify active participation of official Soviet religious leaders in the "fight for peace" campaign. (R Moscow 1606, 6 Apr 52)

Comment: Since the launching of the peace campaign, the Kremlin has attempted to mobilize religious leaders' support, aware of the moral prestige afforded. The plan for a conference indicates that Soviet authorities are now trying to draw together all religious faiths into an organized bloc in support of the peace campaign. Moreover, the decision to invite foreign church leaders is an attempt to extend the scope of this organization. Although every important faith in the USSR was represented at the All-Union Conference for the defense of peace in October of 1950, backing of the peace campaign has generally been confined to individual statements by prominent religious leaders.

EASTERN EUROPE

3. Budapest fires may be caused by worker sabotage: A minor outbreak of fairly serious fires in Budapest during the last two weeks may result from individual acts of sabotage by factory workers as a protest against the speed-up in production firms. Three fires, reported from personal observation of reliable westerners, occurred in a leather, a machine, and a textile factory. In addition, unverified rumors reported fires in factories in the larger provincial towns. No mention of the fires has appeared in the local press. Current rumor states that the fires are blamed on an American-Yugoslav conspiracy. (S Budapest L-2859, 7 Apr 52)

Comment: Earlier reports indicated that by 28 March Hungarian security police investigating the fires had arrested from 200 to 400 workers and firemen for lack of enthusiasm in fighting fires.

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4. Food shortages worsening in Poland: The US Embassy in Warsaw reports that the shortages of meat, fats, sugar, and soap have worsened in Poland and long queues for sugar and soap have been seen in the area between Warsaw and Czestochowa, in southwestern Poland.

As of 1 April the Government decreed that patrons ordering meat in restaurants must surrender ration coupons or pay a double price for the meat. According to the Embassy, the Government's excuse for this new step is that hog prices have risen 30 percent under the terms of the recently implemented compulsory meat delivery contract plan. (R Warsaw 609, 4 Apr 52)

Comment: It would appear from the Government's most recent step that while meat costs have risen, as a result of the compulsory meat delivery plan, supplies have not increased significantly. Supplies of meat and fats have gradually worsened since last May and the Government was forced to adopt rationing of these goods last September, though at the time it was hoped that this was a temporary measure.

5. Polish-Norwegian trade talks reach critical point: Polish-Norwegian trade negotiations have reached a critical stage because of increased Polish demands for certain strategic goods.

On 3 April the Poles demanded the following minimum quantities of Norwegian exports: 150,000 tons of iron ore, 1,000 tons of aluminum, 3,000 tons of rayon pulp, and 20,000 tons of pyrites. When the Norwegian negotiators refused to meet these minimums, the Poles threatened to terminate the talks.

It developed during the talks that the availability of Polish coal is limited only by the amount of satisfactory counterdeliveries which can be obtained. (S Oslo 883, 7 Apr 52)

Comment: It is apparent from these talks that despite the recently eased availability of Polish coal for delivery to the West (see OCI Daily Digest 2 April 52), Poland will continue to demand that satisfactory counterdeliveries of strategic goods be made.

Negotiations had been proceeding upon the basis of Norwegian offers of 150,000 tons of iron ore, 750 tons of aluminum, 500 tons of rayon pulp, and 15,000 tons of pyrites. When previous negotiations broke down last July, the Poles had been demanding the same amount of iron ore, 2,000 tons of aluminum, 1,000 tons of rayon pulp, and 30,000 tons of pyrites.

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6. High Yugoslav official inspects American information center in Belgrade: Blagoje Neskovic, a member of the Yugoslav Politburo, visited the United States Information Center in Belgrade after the usual hour of departure of the American staff and, according to a Yugoslav employee, gave a most complete scrutiny to every bulletin, map, picture, and display. Embassy officials consider this visit symbolic of the unusual Yugoslav interest in American information activities. They find it "scarcely conceivable" that Neskovic, who is regarded as a most intolerant Communist, was seeking information for his own edification. (C Belgrade 1232, 5 Apr 52)

Comment: The British Ambassador has received information that the local populace, as well as members of the party, has been warned against using American information facilities in Belgrade. Since the relaxation of rigid police controls last year, the American information center has been extremely well patronized by Yugoslavs. In light of the current party drive to extirpate Western bourgeois influences on Yugoslav life, the American program is particularly vulnerable to various unofficial pressures and attacks.

7. Yugoslav Foreign Minister stresses anti-bureaucratic role for Communist Party: According to American officials in Belgrade, Foreign Minister Kardelj's speech before the Yugoslav National Assembly on 1 April gives further weight to recent statements by Marshal Tito emphasizing the role of the Communist Party as a revolutionary cadre. Kardelj advocated the separation of the party from administrative and executive functions as a means of combatting bureaucracy and replacing incompetent party members with professional technicians in executive positions. The role of party members would thus be confined to political direction and education in the various local legislative groups and among the masses.

American observers believe that the Kardelj thesis of "greater democratization" at the higher levels and a decentralization of authority faces stiff opposition from a group of "practical Communists," led by Boris Kidric, which favors a centralization of authority. It is believed that the party is not sufficiently strong or confident to override the objections posed by this latter group favoring tight party control from the top. Attention is currently being directed to the application of more practical measures designed to strengthen the party, such as efforts to increase fund raising and the strength of the state security forces. (S Belgrade Joint Weeka 14, 4 Apr 52)

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FAR EAST

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9. Spread of epidemics in China reported: Plague was spreading from the interior of Manchuria southeastward toward China proper, [REDACTED]

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[REDACTED] has reported that all freight train service north of Ch'angch'un, in central Manchuria, was suspended in late March because of epidemics. [REDACTED]

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Comment: Peiping's propaganda campaign on epidemic control has given rise to numerous unconfirmed accounts of the spread of plague in China. Reports, likewise unverified, have been received alleging that epidemics have forced the restriction of railroad traffic in Manchuria.

10. British business interests want to postpone showdown with Chinese Communists: British firms with business interests in China are wavering in their decision to force a showdown with the Chinese Communists. Having previously agreed that the British Foreign Office should make immediate representations to Peiping pointing out the impossibility of doing business in China and asking for permission to close down, the businessmen have on second thought requested postponement of this action. The decision is prompted by fear of a strong Chinese

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reaction, which might result in such serious consequences as the detention of British vessels in China ports. (S London 4452, 5 Apr 52)

Comment: Like other foreign nationals, British business executives are being held hostage in China pending the settlement of exorbitant financial demands for severance pay to Chinese workers. In the meantime, home offices must remit funds steadily to meet current payroll and other expenses.

Although the British Foreign Office will present the subject to Peiping, it will make no strong representations as long as British business interests are undecided on a firm course of action.

11. Early French action on repatriation of Chinese Nationals in Indochina indicated: The French Government expects to decide within a week on a formula which will permit early action on the repatriation of the Chinese Nationalist troops interned in Indochina, according to a Foreign Office spokesman. (C Paris 6165, 7 Apr 52)

12. Recent Viet Minh casualty rate not critical: During the three recent French campaigns against the Viet Minh within the Tonkin delta, the insurgents' casualties, including 833 killed, were five times those of the attacking forces. The American Army Attache in Saigon points out, however, that this comparison, supplied by the French commander in Tonkin, does not take into account losses among French-commanded village militia and auxiliaries. He estimated that Viet Minh losses must be ten times those of the French in order to "insure eventual victory." (S O ARMA MC 136-52, 7 Apr 52)

Comment: In the past, the results of clearing operations within the delta have proved inconclusive.

Three of the five Viet Minh infantry divisions in Tonkin have engaged in a minimum of combat during the past two months. The strengthening of these divisions serves to offset Viet Minh losses within the delta, which appear to be much less significant than the French have publicly claimed.

13. Malay high command disagrees on "get tough" policy: General Lockhart, Deputy Director of Operations in Malaya, privately opposes High Commissioner Templar's "get tough" policy,

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exemplified by the harsh measures taken against the town of Tanjen Malim whose people had cooperated with the terrorists. Lockhart believes that such measures will not induce further cooperation, and cannot be imposed on other trouble spots without placing a serious strain upon security forces.

There are indications that the Federation police agree with Lockhart and that they resent Templer's apparent preference for the army. (S Singapore Joint Weeka 14, 3 Apr 52)

Comment: This information suggests that Templer has not yet been able to achieve agreement on a unified approach to the security problem. In the past, different approaches by the army and the police, and by newly-assigned officers and "old Malaya hands" weakened the total British effort.

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WESTERN EUROPE

14. Trieste port workers ready to revolt against their Communist leaders over issue of future disposition of Trieste: American officials in Trieste have received reliable reports that local port workers belonging to the Communist-organized Sindacati Unici are highly dissatisfied with irrendentist statements made by the leader of Trieste's pro-Cominform Communist Party, Vittorio Vidali, during his Italian tour. He follows an "independent line" in Trieste. A majority of the port workers favor the establishment of an independent Trieste and are expected to revolt from the union. (C Trieste 934, 3 Apr 52)

Comment: There is increasing evidence of trouble within the pro-Cominform party resulting from its apparent abandonment of a militant independentist policy. Slovene party members and workers who feel that a return to Italy would damage their economic position constitute an important base of support of the Vidali party. An abandonment of an independent stand could be explained only in terms of an order from Moscow to adjust policy to that of the Italian Communist Party in order to thwart Yugoslav objectives and prepare for an eventual merger of the two neighboring Communist parties.

15. Czechoslovakia shows renewed interest in Prague-Paris air route: The French Foreign Office has received a Czech note requesting fifth freedom as well as terminal traffic rights for the Czech Air Lines' proposed Prague-Paris air route by way of Copenhagen, Amsterdam, and Brussels.

Meanwhile, in answer to the Czech overflight request of last December and the reminder last month, the Dutch Foreign Office has asked for further information as to who owns and controls the Czech Air Lines. Casually mentioning the indirectness of the proposed air route, it also requested information on the commercial privileges that have been granted at other points along the line.

A Netherlands Foreign Office official believes that Belgium will soon receive a reminder from the Czechs. (S The Hague 1053, 3 Apr 52; S Paris 6119, 4 Apr 52)

Comment: In late December, France stated that it intended to refuse any Czech request for overflight and landing rights, but did not wish to be alone in its refusal.

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Although both Belgium and the Netherlands have indicated willingness to stall the Czechs as long as possible, both state that they will eventually have to approve the Czech request.

With Danish approval of their request already received (see OCI Daily Digest, 5 Feb 52), the Czechs apparently want Dutch approval next to use as a bargaining point in discussions with Belgium and France.

16. Britain opposes setting of deadline for Allied-German treaties: A British Foreign Office spokesman states that it would be inadvisable to set a specific date for the signing of the Allied-German contractual agreement and the European Defense Treaty. To do so, he said, would give the West German Government an opportunity to obtain concessions by delaying final agreement. Furthermore, some difficulty might arise which would necessitate a high-level tripartite conference in order to confront the Federal Republic with a common position. (S London 4478, 7 Apr 52)

Comment: This report implies that the Federal Republic is less desirous than the Allies of reaching immediate agreement. Chancellor Adenauer, who has consistently pressed for rapid progress toward accord, suggested again last week, however, that the negotiators "burn midnight oil" until all problems are solved.

17. British defense guarantee meets Dutch objections: The recent British formula for linking the Brussels Pact to the European Defense Community has, according to a high Dutch Foreign Office official, gone a "long way" toward satisfying Dutch opposition to the Community's proposed automatic defense guarantee.

The Dutch official agreed with the US Embassy that it would not be wise to press now for an extension of the 20-year North Atlantic Treaty to conform with the proposed 50-year duration of the European Defense Community treaty. (S The Hague 1065, 7 Apr 52)

Comment: Britain has agreed to an exchange of automatic mutual security guarantees with the European Defense Community, but has limited this agreement to the duration of its membership in NATO.

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Because Dutch officials agree that the Defense Community treaty should be initialed by all the member countries at the earliest possible moment, they may defer their objections to an extension of the term of the Defense Community beyond that of the North Atlantic Treaty.

The Netherlands, however, has stated that it would not even sign the treaty unless it received assurances that the Germans would finance the costs of their forces through 1954.

18. Belgian Government proposes compromise to implement defense program: The Belgian Prime Minister is optimistic that Parliament will pass the government's excess profits tax bill; he states that the government's position is strengthened by the fact that the harshly critical Socialist and Liberal Parties are divided on their reasons for opposing the bill. The measure, introduced because of the large increase in gross profits in 1951, may help silence, at least within the Catholic Party, labor's complaint that it is carrying a disproportionately large share of the rearmament burden. The bill is also an answer to outside critics, who have insisted that Belgium can finance its defense effort without instituting controls over its economy.

At the same time, however, the Belgian Government has divided its proposed 202 million dollars of military expenditures in the extraordinary budget into three separate categories. The money for items in the second and third categories -- 75 million dollars -- will be spent only when Belgium considers that the other Atlantic Community countries have fulfilled their defense commitments as it has.

The government has also stated that, in response to Belgian public clamor that Belgium is making a disproportionately large defense effort, it will reduce the two year military conscription period to eighteen months if by August each of the other countries of the Defense Community has not increased its military service period. (Factual data from: C Brussels Joint Weeka 13, 28 Mar 52; R Brussels 1434, 1466, and 1481, 27 Mar, 3 and 4 Apr 52)

19. Disorders follow Irish Labor Party meeting protesting new budget: The American Embassy in Dublin reports that twenty persons were injured in altercations between police and a large crowd leaving an outdoor Labor Party meeting held to protest the new budget and demand the resignation of Finance Minister MacEntee. (R Dublin 155, 7 Apr 52)

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Comment: The US Embassy believes that hostile reaction to price increases provided for in the new budget may precipitate a general election (see Current Intelligence Digest, 7 Apr 52).

The Labor Party, which supports the Opposition in Parliament, is not a powerful force in Irish politics.

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